

# SCHERTZ

ECONOMIC DEVELOPMENT CORPORATION

MINUTES  
CITY OF SCHERTZ  
ECONOMIC DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS  
REGULAR MONTHLY MEETING  
THURSDAY, JUNE 22, 2017

The City of Schertz Economic Development Corporation (SEDC) Board of Directors met for a Regular Monthly Meeting on Thursday, June 22, 2017 at 6:00 p.m. in the City Council Chambers, conference room, 1400 Schertz Parkway, Schertz, Texas.

## CALL TO ORDER

1. Roll call and recognition of visitors.

President Brown called the meeting to order at 6:02 p.m. and welcomed everyone in attendance.

### Board of Directors:

Tim Brown – President  
Gary Howell – Vice President  
Paul Macaluso – Treasurer/Secretary  
Katie Chain  
Victoria Readnour  
Mark Tew – Arrived at 7:27pm

### Staff:

Kyle Kinateder – SEDC Executive Director  
Patty Horan – Executive Assistant - ED  
Jennifer Kolbe – Business Retention Manager  
Drew Vincent – ED Analyst  
James Walters – Director of Finance

### Directors Absent:

Roy Richard

### Others present:

None

2. Oath of office for newly appointed SEDC Board Member: Victoria Readnour, and reappointments of Board Members: Tim Brown, Roy Richard, and Mark Tew. All members were appointed by City Council during their regular session held on 6/6/2017 to serve for two-year term commencing 5/31/2017-5/31/2019). (P. Horan)

Mr. Richard was not present. City Secretary authorized Ms. Horan to administer the Oath of Office to Board Members present: Ms. Readnour and Mr. Brown. Mr. Tew was sworn in when he arrived to the meeting at 7:27pm.

3. Introduction of new Board Member: Victoria Readnour. (T. Brown)

President Brown congratulated and officially welcomed Ms. Readnour to the Board of Directors. Ms. Readnour has an MBA in Marketing and a BBA in Finance. Her professional experience focused primarily in the fields of education, medical, high tech industry growth and development in the

fields of networking, data and voice communications. Ms. Readnour thanked the Board for the opportunity to get involved and serve the community.

4. Consider/Discuss/Act on election of corporation officers for term of office FY 2017-2019 and other matters connected therewith. (T. Brown)

The Board held an election for the corporation officers' positions of: President, Vice President, and Treasurer/Secretary for the term of May 31, 2017 to May 31, 2019 in accordance with the Bylaws.

**A single motion to re-elect the current officers of the Board:** Mr. Brown-President, Mr. Howell-Vice President, and Mr. Macaluso-Treasurer/Secretary for the term 2017-2019 was made by Ms. Chain. Seconded by Ms. Readnour. All nominated members accepted their positions and the **motion passed**. Mr. Richard and Mr. Tew were not present to vote.

5. Public comment.

*This time is set aside for any person who wishes to address the Board. Each person should fill out the Citizen's to be Heard registry form prior to the meeting. Presentations should be limited to no more than 3 minutes. The presiding officer, during the Public Comment portion of the agenda, will call on those persons who have signed up to speak in the order they have registered.*

No one spoke during public comment.

#### ITEMS FOR INDIVIDUAL CONSIDERATION

6. Consider/Discuss/Act on approval of the Minutes for the Board of Directors Regular Monthly Meeting held on Thursday, May 25, 2017 (P. Horan)

**A motion to approve** the Minutes for the Board of Directors Regular Monthly Meeting held on Thursday, May 25, 2017 was made by Mr. Macaluso. Seconded by Mr. Howell. **Motion passed unanimously** without Ms. Readnour's vote due to not being present at that meeting.

7. Review of the SEDC Monthly Financial Report for the month of May 2017. (J. Walters)

Mr. Walters provided an overview of the revenue and expense report (unaudited) as of May 31<sup>st</sup>. Major highlights included a total cash increase of \$13,345,380.72 and a total sales tax revenue increase of 8.7%.

Ms. Readnour requested clarification on the increase of the 8.7% in sales tax revenue. Mr. Walters explained that the State Comptroller's Office, after conducting an audit, allocated some adjustments to our jurisdiction. Numerous factors involved in that process indicated a favorable reassessment of sales taxes for our city.

8. Consider/Discuss/Act on the Agreement For Provisions of Professional Services Between The City of Schertz and The City of Schertz Economic Development Corporation and recommend approval by the City Council for the expenditures provided for in the Agreement For Provisions of Professional Services Between The City of Schertz and The City of Schertz Economic Development Corporation in the amount of \$441,395.00 for the FY 2017-18 fiscal year. (K. Kinateder)

Mr. Kinateder explained that the SEDC contracts with the City of Schertz for administrative operations through the service agreement that covers items as: office space, utilities and maintenance services,

personnel (Executive Director, Business Retention Manager, ED Analyst, Executive Assistant), and administrative operational support: Human Resources, IT, Payroll, City Management, City Secretary, and Finance (financial records and budget preparation). The Service Agreement formalizes the transfer of funds by detailing the specific services that will be provided by the City to the SEDC. The total amount of the FY 2017-18 Service Agreement is \$441,395 which is a 2.5% increase from the FY 2016-17 Budget. The funds will be transferred from the SEDC to the City of Schertz in two equal transfers on October 1, 2017 and April 1, 2018.

**A motion to recommend approval** by the City Council to authorize the Agreement For Provisions Of Professional Services Between the City of Schertz and The City of Schertz Economic Development Corporation for the expenditures provided for in the Agreement in the amount of \$441,395.00 for the FY 2017-18 fiscal year **was made by Mr. Macaluso. Seconded by Mr. Howell. Motion passed unanimously.**

9. Update on the Lone Star Rail District (LSRD). (K. Kinateder)

Mr. Kinateder provided a brief background and overview on the Lone Star Rail District (LSRD) project and associated agreement. The 10-year long participation/membership on this project was intended to qualify for a train station in Schertz. In 2015, the SEDC Board made a finding that the project could provide a suitable development for mass commuting facilities and the construction of infrastructure located on or adjacent to a rail port facility which is an allowable expense under local government code and agreed to pay for the annual membership fee. For the past two years, the LSRD decided not to collect the membership fee payments until the study requested by the Austin and San Antonio Metropolitan Planning Organizations is completed. A copy of the Interlocal Cooperation Act Agreement Between the City Schertz and Lone Star Rail District was provided to the Board. The Board asked questions related to the existing rail location and its current use. The Board requested to be notified prior to issuing the annual membership fee.

No action was taken.

10. Consider/Discuss/Act on approval for recommendation to the City Council for the proposed SEDC FY 2017-18 Budget. (K. Kinateder)

Staff presented the proposed FY 2017-18 Budget update which included the following items:

- During May 25, 2017 Board Meeting, the Board asked if the grants for Texas Plumbing Supply and Evestra were included in the proposed FY 2017-18 Budget. Staff reported that it was anticipated that one or both of the proposed grants would be paid out during the 2016-17 calendar year and that any unpaid amount would be deducted from the Small Business Grant line item in the FY 2017-18 Budget. Upon further review, staff proposed adding these grants to the Development Incentive line item to preserve the entire \$500,000 Small Business Grant for future projects. If either of the two grants are awarded prior to City Council approving the FY 2017-18 budget the Development Incentive Fund line item will be reduced by the grant amount. The Board supported the proposal budget increases as recommended by staff.
- Staff provided an update on the City's status regarding the purchasing of the development software which is expected to cost \$375,000. Staff reported that the City has saved \$110,000 from previous years, leaving \$265,000 needed to fund the purchasing of the software. At the May 25<sup>th</sup> Board Meeting, staff recommended funding \$150,000 towards the purchase of the software and the City would contribute the remainder. Unfortunately, due to other competing

budget items citywide, the City may not be able to fund the remainder amount during the FY 2017-18 Budget. Staff and the Board discussed the possibility of upping the SEDC's contribution to ensure that the software is purchased during the upcoming budget year. The Board asked questions about how the software would help speed up the permit review times, the compatibility with other software and the potential impact on economic development. The Board elected to increase the SEDC's contribution up to \$265,000 if the City was able to secure the additional funding.

- Staff provided an update on the proposed Interstate 35 Corridor Study. Staff received multiple commercial bids which ranged in price from \$40K to \$90K. Staff reported that a study's intent would be to validate information that has already been identified. Staff also stated that many of the data sources, to be used by the potential contractors to conduct the study, would be the same ones already being used by City staff. As a separate option, staff recommended working with an engineering firm to develop a probable cost estimate for key public infrastructure that would be needed for future commercial growth along Interstate 35. This cost for this option would range from \$25K to \$50K depending on the area to be reviewed. The Board supported staff's second option recommendation which resulted in no charges to the proposed budget.

**A motion to recommend approval** to the City Council for the proposed SEDC FY 2017-18 Budget as presented with the additional \$265,000 to purchase the development software was made by Mr. Macaluso. Seconded by Mr. Howell.

President Brown recognized Ms. Chain and Ms. Readnour who requested more information on the SEDC's total investment amount and other related added cost for the purchasing of the development software. Mr. Howell asked for reaffirmation on the ongoing legacy cost. Mr. Kinatader reiterated that this is a one-time expense of up to \$265,000 and the City will take on the responsibility to cover any ongoing cost associated with the implementation of the software. He explained that the City budget is forecast based on five (5) years of operations. Ms. Readnour stated that she'd be comfortable with committing based on the fact that the City budgets and comes through with the additional \$115,000, steps up with moving the project forward and covers for all added cost of any ongoing upgrades and integration of the software. In the event that the City does not move the project forward, then the SEDC should only be out for the initial investment of \$150,000.

President Brown recognized Mr. Macaluso who restated the motion as follows:

**A motion to recommend approval** to the City Council for the proposed SEDC FY 2017-18 Budget as presented with up to an increase of \$265,000 towards the purchase of the development software as presented was made by Mr. Macaluso. **Seconded by Mr. Howell. Motion passed** unanimously.

#### 11. Director's Report. (K. Kinatader)

- Project updates  
Mr. Kinatader referenced the Director's Report provided in the Packet and asked if there were any questions regarding the update on Texas Plumbing Supply Co. Inc. and Evestra, Inc. No questions were asked.
- Assistance Center Preview

The Assistance Center was created as part of the Incentive Policy. Mr. Kinatader introduced the SEDC Analyst, Drew Vincent, who presented on this item. Mr. Vincent explained that the Assistance Center will be a dedicated section of the SEDC website. The Assistant Center is intended to provide various resources to existing and new businesses looking to open operations in Schertz. The Assistance Center provides an array of information for demographics, utilities information, steps in the development process, listing of available properties, and listing of business partners that can provide additional resources.

- Businesses visited
  - Berlin Packaging – 5500 Mid-Cities Parkway, Schertz, TX
  - Armstrong Relocation of San Antonio – 6421 FM 3009, #200 Schertz, TX
  - Burch Roofing – 110 FM 78 Schertz, TX
  - Schertz Law Center – 206 FM 78 Schertz, TX
  - State Farm Bill Hicks – 210 FM 78 Schertz, TX
- Events attended
  - Texas Internship Challenge Orientation and Training – San Antonio, TX
  - International Council of Shopping Centers RECon – Las Vegas, NV
  - Schertz Cibolo Universal City ISD Career & Technical Education Department – Samuel Clemens and Byron P. Steele II High Schools – Schertz/Cibolo, TX
  - SEDC Fulfillment, Logistics, Warehouse & Distribution Roundtable – Schertz, TX

## 12. REQUESTS AND ANNOUNCEMENTS

The following announcements were made:

- A. Announcements by City staff:
  - Office closure – Independence Day – July 3-4, 2017
  - Schertz 4<sup>th</sup> of July Jubilee – July 3-4, 2017
- B. Requests by Board Members to place items on a future SEDC Board Meeting agenda.

No requests were made.

President Brown recessed the open session at 7:27 p.m.

Director Mark Tew came in at 7:27 p.m. to join the remainder of the meeting. The Oath of Office was administered at that time.

## 13. EXECUTIVE SESSION

- A. Called in accordance with Section 551.087 of the Texas Government Code, Deliberation Regarding Economic Development Negotiations; Closed Meeting. The governmental body is not required to conduct an open meeting (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect.
  - Project E-030
  - Project E-031
  - Project E-032

Start Time: 7:27 p.m.  
End Time: 8:10 p.m.

### RECONVENE TO REGULAR SESSION

President Brown reconvened into regular session at 8:11 p.m.

14. Discussion and possible action to authorize the SEDC Executive Director to take the necessary and appropriate actions to proceed with negotiations based on discussions held in Executive Session under Agenda Item No.13-A:

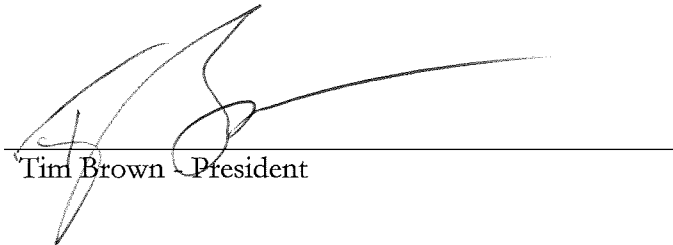
- Project E-030
- Project E-031
- Project E-032

No action was taken as a result of executive session.

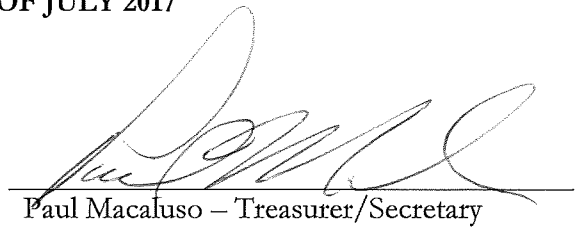
### ADJOURN

President Brown adjourned the meeting at 8:12 p.m.

**MINUTES PASSED AND APPROVED THIS 27 DAY OF JULY 2017**



Tim Brown - President



Paul Macaluso – Treasurer/Secretary